



**Office of the United States Attorney
District of Arizona**

PRESS RELEASE

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PHOENIX WOMAN SENTENCED TO 41 MONTHS IN PRISON FOR TAX SCAM

PHOENIX – Star L. Mathias, 52, of Phoenix, was sentenced here on May 2, 2005 to 41 months in prison by U.S. District Judge James A. Teilborg. Mathias was also ordered to pay a total of \$897,773.45 in restitution in taxes to the Internal Revenue Service.

Mathias had been charged with violating Title 18, U.S. Code, Section 371, Conspiracy to Defraud the United States. From January 1995 through December 1997, Mathias and others joined together in an organization known as PROTEC to promote and market a system of trusts in which individual taxpayers would illegally reduce the income on which they would pay federal taxes. This was achieved by concealing income and by converting personal expenses into purportedly deductible expenses of the trusts. Mathias and others received fees for setting up the trusts and received fees for preparing tax returns for those who purchased the trusts. The effect was to conceal, disguise and ultimately evade the payment of federal taxes.

Mathias admitted that in one instance she advised a client to purchase a package of off-shore trusts to pass through the client's business income. The income was to be transferred to an international business corporation, which had no filing requirement and, therefore, no federal tax liability. Mathias advised the client that with the purchase of the off-shore trust package, the client could eliminate taxes for the entire year. Mathias also advised the client to have her spouse place his income from wages into a business trust containing their personal residence and to take deductions against the income based upon expenses of running the residence. She further advised the client to name their son as a successor trustee, send him to a private school and deduct the cost of his education as an expense to the trust.

The investigation in this case was conducted by special agents of the Criminal Investigation Division of the Internal Revenue Service. The prosecution was handled by David Eisenberg Assistant U.S. Attorney, District of Arizona, Phoenix.

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